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SUBJECT: ITALY'S EU PRESIDENCY: SEPTEMBER 4 INFORMAL
MINISTERIAL ON TELECOMMUNICATIONS

REF: ROME 3916

11. (U) MINISTERS AT THE INFORMAL TELECOM MINISTERIAL, HELD IN VITERBO, ITALY, ON SEPTEMBER 3-5, AGREED TO A SET OF GUIDELINES THAT WOULD MAKE BROADBAND MORE ACCESSIBLE.

COMMISSIONER LIIKANEN'S REMARKS

12. (U) EU INFORMATION SOCIETY COMMISSIONER ERKKI LIIKANEN EMPHASIZED THAT THE COMMISSION WAS PREPARED TO SPEND STRUCTURAL FUNDS ON BROADBAND INFRASTRUCTURE DEVELOPMENT PROJECTS IN REMOTE OR LESS DEVELOPED AREAS, RECOGNIZING THAT PUBLIC FUNDING WILL BE NECESSARY TO BRING BROADBAND TO THESE REGIONS. HIS COMMENTS REITERATED THE POINTS LAID OUT IN THE COMMISSION'S GUIDELINES FOR THE USE OF STRUCTURAL FUNDS FOR BROADBAND DEVELOPMENT (ADOPTED JULY 25 2003), WHICH RECOGNIZE THAT COMMERCIAL CONSIDERATIONS ARE OFTEN INSUFFICIENT TO JUSTIFY INVESTMENT IN THESE AREAS. LIIKANEN STRESSED THAT EU FUNDING MUST BE USED NOT ONLY TO FINANCE BROADBAND INFRASTRUCTURE, BUT ALSO TO DEVELOP BROADBAND CONTENT. HE OBSERVED THAT REGIONS THAT REQUIRE STRUCTURAL FUNDS MUST REQUEST FUNDING BY THE END OF THIS YEAR. NOTE: BROADBAND IS THE MAIN FOCUS OF THE EUROPE 2005 ACTION PLAN, WHICH AIMS TO ENCOURAGE BROADBAND DEVELOPMENT BY PROMOTING BOTH THE DEPLOYMENT OF BROADBAND INFRASTRUCTURE AND THE PROVISION OF SERVICES, APPLICATIONS, AND CONTENT. END NOTE.

13. (U) LIIKANEN ALSO ENCOURAGED MEMBER STATES TO HARMONIZE THEIR NATIONAL BROADBAND DEVELOPMENT PLANS WITH THE NEW TELECOMMUNICATIONS REGULATORY FRAMEWORK THAT ENTERED INTO FORCE JULY 25, 2003. THE FRAMEWORK STRESSES THE PRINCIPLE OF COMPETITION - AMONG OPERATORS AND AMONG TECHNOLOGIES. UNDER COMMITMENTS MADE AT THE MARCH 2003 SUMMIT, NATIONAL BROADBAND STRATEGIES NEED TO BE IN PLACE BY THE END OF THIS YEAR. LIIKANEN ALSO STRESSED THE NEED FOR NATIONAL GOVERNMENTS TO PROVIDE A REGULATORY FRAMEWORK TO FACILITATE AND STIMULATE PRIVATE INVESTMENT.

ITALIAN MINISTER GASPARRI'S COMMENTS

14. (U) COMMUNICATIONS MINISTER GASPARRI SPOKE ABOUT ITALY'S REGULATORY AND FINANCIAL FRAMEWORK FOR BROADBAND DEVELOPMENT, WHICH IS INCLUDED AS AN ITEM OF THE MORE GENERAL "LEGGE OBIETTIVO," (LAW 443/2001), A BROAD LAW THAT AIMS TO UPGRADE ITALIAN INFRASTRUCTURE. IN 2002, THE GOVERNMENT'S BUDGET INCLUDED 31 MILLION EURO IN INCENTIVES FOR BROADBAND DEVELOPMENT. THE MINISTRY OF COMMUNICATIONS ESTIMATES THAT 30 BILLION EUROS WILL BE INVESTED BY THE PRIVATE SECTOR IN BROADBAND DEVELOPMENT IN ITALY IN THE "NEXT FEW YEARS." GASPARRI STATED THAT THE USE OF EU STRUCTURAL FUNDS WOULD BE LIMITED TO LESS DEVELOPED AREAS, SUCH AS ITALY'S SOUTHERN REGIONS. HE ALSO COMMENTED THAT BROADBAND SHOULD GROW SIMULTANEOUSLY WITH TECHNOLOGIES SUCH AS SATELLITE TECHNOLOGY. FOR EXAMPLE, DIRECTIONAL BROADBAND CAN BE PROVIDED VIA SATELLITE TECHNOLOGY.

15. (U) BROADBAND CONNECTIONS IN EUROPE ROSE FROM 9 MILLION LINES IN MID-2002 TO 17.5 MILLION IN JULY 2003; WITHIN ITALY CONNECTIONS INCREASED FROM ONE MILLION IN 2002 TO 1.7 MILLION IN MID-2003. THE GOI ANTICIPATES THAT THERE WILL BE 2.5 MILLION BROADBAND CONNECTIONS BY THE END OF 2003, MAKING THE GROWTH RATE IN ITALY SECOND ONLY TO FRANCE AMONG EU STATES. THE GOI BELIEVES THAT THE TELECOM BUBBLE IS OVER AND THAT BROADBAND DEVELOPMENT WILL ACCELERATE STRONGLY. THE GOVERNMENT ASSESSES THAT THE AVAILABILITY OF SERVICES (E.G., E-LEARNING, E-GOVERNMENT, E-COMMERCE) WILL DRIVE BROADBAND DEVELOPMENT, AND BELIEVES IT IS THE RESPONSIBILITY OF GOVERNMENT TO PROMOTE SUCH ACTIVITIES. GASPARRI STATED THAT THE GOI WOULD NOT PROVIDE FEDERAL AID TO SINGLE COMPANIES.

ITALY HAS ADOPTED A MARKET-ORIENTED APPROACH, AND GASPARRI MAINTAINED THAT ITALY IS MORE ADVANCED IN THIS REGARD THAN OTHER EU MEMBERS, INCLUDING FRANCE AND GERMANY.

16. (U) MINISTER GASPARRI ALSO HIGHLIGHTED THE ROLE OF THE ITALIAN FEDERAL GOVERNMENT IN MEDIATING AMONG REGIONAL AUTHORITIES AND BETWEEN THE REGIONS AND THE EU. THE MINISTRY OF COMMUNICATIONS, THE MINISTRY OF TECHNOLOGICAL DEVELOPMENT, AND THE ITALIAN DEVELOPMENT AGENCY SVILUPPO (DEVELOP) ITALIA WORK TOGETHER VIA A TASK FORCE THAT WAS CREATED IN SEPTEMBER 2001 TO ASSIST THE GOVERNMENT IN ENSURING THE EXTENSIVE AND BALANCED DEVELOPMENT OF BROADBAND COMMUNICATION INFRASTRUCTURE.

17. (U) COMMENT: DESPITE THE ADOPTION OF AN EU STRATEGY FOR

BROADBAND DEPLOYMENT, THE DEVELOPMENT OF EU-WIDE BROADBAND INITIATIVES, POLICIES AND REGULATIONS IS LIKELY TO BE A LENGTHY PROCESS, AS NOTED REFTEL. END COMMENT.
SEMBLER

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